(Please write your Exam Roll No.)

Exam Roll No. 03614188816

END TERM EXAMINATION

THIRD SEMESTER [B.COM.(HONS)] NOVEMBER-DECEMBER-2017

Paper Code: BCOM 201 **Subject: Cost and Management Accounting**

Time : 3 Hours **Maximum Marks :75**

Note: Attempt any five questions including Q.No. 1 which is compulsory.

Q1. Comment on any five of the following statements. Your answer should not exceed 50 words each. **(5x3=15)**

a) All costs are controllable

b) Bin card and Store Ledger are the same

c) Normal idle time costs are charged to Costing Profit & Loss Account.

d) Interest on capital should be included in cost accounts.

e) In case of goods manufactured for mass production process costing is sued.

f) Standard costs are ideal costs.

g) The profit shown by cost accounts always reconciles with the profit shown by financial accounts.

h) Zero-base costing is the same as traditional costing.

Q2. a) State the objective of Materials Control. **(5)**

b) A, a refrigerator manufacturer purchase 1,600 units of certain components from B. His annual usage is 1,600 units. The order placing cost is Rs. 100 and the cost of carrying one unit for a year is Rs. 8. Calculate the economic ordering quantity, number of orders, time intervals between two orders in a year and tabulate your results. **(10)**

Q3. a) What is Labour Turnover? Name any two methods for its measurement. **(5)**

b) A manufacturing unit has purchased and installed a new machine of Rs. 12,70,000 to its fleet of 7 existing machines. The new machine has an estimated life of 12 years and is expected to realize Rs. 70,000 as scrap at the end of its working life. Other relevant data are as follows:

i) Budget working hours are 2,592 based on 8 hours per day for 324 days. This includes 300 hours for plant maintenance and 92 hours for setting up of plant.

ii) Estimated cost of maintenance of the machine is Rs. 25,000 p.a.

iii) The machine requires a special chemical solution, which is replaced at the end of each week (6 days in a week) at a cost of Rs. 400 each time.

iv) Four operators control operation of 8 machines and the average wages per person amounts to Rs. 420 per week plus 15% fringe benefits.

v) Electricity used by the machine during the production is 16 units per hour at a cost of Rs. 3 per unit. No current is taken during maintenance and setting up.

P.T.O.

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vi) Departmental and general works overhead allocated to the operation during last year was Rs. 50,000. During the current year it is estimated to increase 10% of this amount.

Calculate machine hour rate, if setting up time is productive. (10)

Q4. The following is the summarized Trading and Profit and Loss A/c of K. Waterproof Manufacturers Ltd., for the year ending 31st March, 2014 in which year 800 waterproofs were sold by the said company.

Trading and Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Cost of Materials	32,000	By Sales	1,60,000
To Direct Wages	48,000		
To Manufacturing Charges	20,000		
To Gross Profit c/d	60,000		
	1,60,000		1,60,000
To Office Salaries	24,000	BY Gross Profit b/d	60,000
To Rent and Taxes	4,000		
To Selling Expenses	8,000		
To General Expenses	12,000		
To Net Profit	12,000		
	60,000		60,000

Following estimates were made by the costing department of the company for the year ending 31st March 2015:

a) The output and the sales will be 1,000 waterproofs.
b) The price of materials will rise by 25% on the previous year's level.
c) Wages during the year will rise by 12½%.
d) Manufacturing cost will rise in proportion to the combined cost of materials and wages.
e) Selling cost per unit will remain unchanged.
f) Other expenses will remain unaffected by the rise in output.

Form the above information prepare a cost statement showing the price at which the waterproofs would be marked so as to show a profit of 10% of the selling price. (15)

Q5. Mr. Alexander undertook a contract for Rs. 75,00,000- on an arrangements that 80% of the value of the work done, as certified by the architects of the contractee should be paid immediately, and the remaining 20% be retained until the contract was completed.

In 2013, the amounts expended were: Materials Rs. 9,60,000, Wages Rs. 8,50,000 Carriage Rs. 30,000, Cartage Rs. 5,000, Sundry expenses Rs. 35,000. The work was certified for Rs. 18,75,000 and 80% of this was paid as agreed.

In 2014, the amounts expended were: Materials Rs. 11,90,000, Wages Rs. 11,50,000 Carriage Rs. 1,15,000, Cartage Rs. 10,000, Sundry expenses Rs. 20,000. Three-fourths of the contract was certified as done by 31st December and 80% of this was received accordingly. The value of the unused stock and work-in-progress uncertified was ascertained at Rs. 1,00,000.

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BCOM-201
P2/3

In 2015, the amounts expended were: Materials Rs. 6,30,000, Wages Rs. 8,50,000, Cartage Rs. 30,000, Sundry expenses Rs. 15,000. The whole contract was completed on 30th June.

Show how the contract account, work-in-progress account and the contractee's account would appear in each of these years in the books of the contractor assuming that balance due to him was received on completion of the contract. (15)

Q6. What is a budget? Discuss various methods of budgetary control. Explain zero based budgeting with examples. (15)

Q7. A group of works consisting of 30 males, 15 females and 10 youths are paid standard hourly rates as follows:

Male	Rs. 80 per hour
Female	Rs. 60 per hour
Youths	Rs. 40 per hour

In a normal working week of 40 hours, the group is expected to produce 2,000 units of output. During a week, the group consisting of 40 males, 10 females and 5 youths produced 1,600 units. They were paid wages @ Rs. 70 for male, Rs. 65 for female and Rs. 30 for youth per hour. 9 hours were lost due to abnormal idle time. (15)

Compute:

a) Labour Cost Variance ;
b) Labour Rate Variance ;
c) Labour Efficiency Variance;
d) Labour Mix Variance;
e) Labour Idle Time Variance;

Q8. Differentiate between **any three** of the following: (3x5=15)

a) Marginal Costing and Absorption Costing
b) Integral System and Non-integral system of maintaining cost and financial records
c) Fixed and Flexible Budgeting
d) Utility of Cost Volume Profit Analysis
e) Batch Costing

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BCOM-201
P3/3